French Minister Wants Steel Firm ArcelorMittal Out

Jamey Keaten, Associated Press

PARIS (AP) — Many European countries with lagging economies are trying to draw in foreign investors. But in France, a Socialist minister says he wants to kick the world's biggest steel maker out of the country, accusing it of lying to the government.

The invective from Industrial Recovery Minister Arnaud Montebourg has soured an already tense relationship between France's leftist leadership and steel powerhouse ArcelorMittal. The company says it will shut down a blast furnace in northeast France whose plight has captured the nation's attention — unless the government finds a new buyer by this week.

The showdown over the site in Florange, which is reportedly profitable but underperforming among ArcelorMittal assets, exposes the simmering mistrust of capitalism in France. It also raises the prospect that President Francois Hollande's Socialists may pay out to nationalize in an old-world, labor-intensive industry despite a push for austerity across much of Europe.

"We don't want Mittal in France anymore because they haven't respected France," Montebourg was quoted as saying in Monday's edition of business daily Les Echos. The trouble, he said, "isn't the furnaces in Florange, it's Mittal."

ArcelorMittal's "lies since 2006 are overwhelming," he said, according to Les Echos.

Montebourg didn't specify how France could oust ArcelorMittal. But the stakes in the standoff are high: In France alone, the company has more than 20,000 employees at about 150 sites and brought in €4.6 billion in sales last year — about one-sixth of its total revenues worldwide.

The company, assembled by Indian-born Chairman and CEO Lakshmi N. Mittal, one of the world's richest people, infuriated many on the French left by announcing Oct. 1 that it planned to stop the furnaces at its Florange plant. In the face of sustained worker protests, the company gave the French government 60 days to find a new owner.

ArcelorMittal said it would not comment Monday, though a person close to the Mittal family — who did not want to be cited by name — said the family was "shocked" by Montebourg's comments.

ArcelorMittal says it pours €150 million into the French economy each year, mainly through capital spending.

The outspoken Montebourg is a point man for the Socialist government, which is looking to revive France's lackluster economic fortunes and stave off debt concerns that have roiled markets in many of its European partners, including Italy, Greece, Ireland and Spain.

Talk of nationalization harks back to that in the early 1980s era under then-President Francois Mitterrand, the only other Socialist head of state in postwar France. In May, Hollande defeated Nicolas Sarkozy, a conservative who has been softer on large corporations.

Unions fear that shutting the blast furnace will lead to other closures throughout the steel industry.

A top French steelworkers' union pressed Monday for the government to temporarily nationalize the Florange plant. The metal industry wing of the Workers Front union said "this is the only solution for this strategic activity for France."

The conservative opposition sought to ridicule Montebourg and the governing Socialists.

"We knew Francois Hollande didn't like the rich," said Camille Bedin of Sarkozy's conservative UMP party, referring to a quip by Hollande on a TV debate years ago. "Now, it's Arnaud Montebourg's turn to proclaim his hatred of companies."

"As if France could forego investors," Bedin said in a statement. "As if Monsieur Montebourg could allow himself to insult foreign companies."

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